Strategy for enhancement of FDI inflows

472. SHRI KARNENDU BHATTACHARJEE: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that India has achieved third position in global economy in respect of FDI;

(b) if so, whether Government have formulated any strategy to derive maximum benefits out of the remarkable achievements; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir. According to FDI confidence Index 2004 compiled by A.T. Kearney, a global management consulting firm, India ranked third most attractive destination in Asia in 2004.

(b) and (c) Government has put in place a liberal and transparent Foreign Direct Investment (FDI) policy and most of the sectors have been placed under the automatic route. FDI up to 100% is permitted on the automatic route for most activities/sectors except for a few sectors where caps have been prescribed. FDI will continue to be encouraged and actively sought, particularly in the areas of infrastructure, high technology and exports.

Restrictions on NBFCs from accepting retail deposits

473. SHRI MANOJ BHATTACHARYA: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has decided to start a scheme where under all Residuary Non-Banking Financial Companies would be required to refrain from accepting retail deposits and invest all their existing funds only in Government and other approved securities;

(b) if so, the details thereof and by when the scheme is likely to be implemented;and

(c) what other measures are being contemplated to safeguard the interests of the small depositors, most of whom are hailing from the rural areas and belong to small income groups?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Reserve Bank of ndia (RBI) have reported that they have not decided to start a scheme where under all